

REMARKS

History on Appeal

The Board of Patent Appeals and Interferences (“Board”) first ruled on an appeal in this application on February 19, 2009 (“Decision I”). Patent Owner, Ochoa Optics, LLC (“Appellant”), filed a request for rehearing on April 17, 2009 (“Request I”). In response to Appellant’s Request I, the Board issued a decision on August 25, 2009 (“Decision II”). Following Decision II, Appellant filed a second request for rehearing on October 23, 2009 (“Request II”). In response to Appellant’s Request II, the Board issued a decision on March 29, 2010 (“Decision III”).

In Decision I, the Board affirmed the following rejections: the rejection of claims 40-42, 48, 50, 52-54, 60, 62, and 64-71 under 35 USC § 102(b) as being anticipated by Schulhof, US Patent 5,572,442 (“Schulhof”); the rejection of claims 49, 51, 61, 63, and 72 under 35 USC § 103(a) as being unpatentable over Schulhof; and the rejection of claims 43-47 and 55-59 under 35 USC § 103(a) as being unpatentable over Schulhof in view of McMillen, US Patent 5,483,535 (“McMillen”). (Decision I, pages 7-11.) In Decision II, the Board clarified its reasoning for affirming the rejection of claim 40, and denominated its rejection as a new ground of rejection. (Decision II, page 3-6.) In Decision III, the Board further clarified its interpretation of claim 40. (Decision III, pages 6-10.)

The Board made numerous other findings which applicants will not repeat in full here. Applicants address the relevant portions of the Board’s decisions in the discussion of the remarks section below.

Summary of the present amendments

On appeal, claims 40-72 were pending. Claims 40, 43-46, 48-50, 52-53, 55-65, 67, and 71 are presently amended. Claims 42, 54, 66, 68-70, and 72 are presently canceled. No claims are presently added. Thus, following entry of the present amendments, claims 40-41, 43-53, 55-65, 67, and 71 will be pending.

The present amendments are filed together with a request for continued examination. The amendments are discussed below in light of the Board’s decisions. The examiner is respectfully urged to reconsider the application and withdraw the rejections. Should the

examiner have any questions or concerns that might be efficiently resolved by way of a telephonic interview, the examiner is invited to call applicants' undersigned attorney, Jon M. Isaacson, at **206-332-1102**.

Claim 40

Claim 40 stands rejected under 35 USC § 102(b) as being anticipated by Schulhof. A claim is anticipated only if each and every recitation of the claim is found described "either expressly or inherently" in a single prior art reference. *Verdegaal Bros.*, 815 F.2d at 631. When a recitation of the claim is not found expressly in the single prior art reference, the recitation may be found inherent in the reference if the missing descriptive material is "necessarily present." *Continental Can Co. v. Monsanto Co.*, 20 U.S.P.Q.2d 1749, 1749 (Fed. Cir. 1991); *see also Scaltech Inc. v. Retec/Tetra L.L.C.*, 51 U.S.P.Q.2d 1055, 1059 (Fed. Cir. 1999) and *Trintec Industries Inc. v. Top-U.S.A. Corp.*, 63 U.S.P.Q.2d 1597, 1599 (Fed. Cir. 2002). However, inherency may not be established by probability or possibility; "[t]he mere fact that a certain thing may result from a given set of circumstances is not sufficient to establish inherency." *Trintec Industries*, 63 U.S.P.Q.2d at 1599.

Schulhof is generally directed to a system for distributing music. More specifically, Schulhof describes that the system operates by:

- (2) using a two-way feedback selection device..., the subscriber selects the desired audio program material and then authorizes billing to a credit card or other account; (3) high speed data transfer *may begin immediately*, or it *may be deferred* as desired (for example, to a time when the television cable is not otherwise in use, e.g., 2:00 A.M.);

Schulhof, col. 5, ll. 9-15 (emphasis added). Schulhof also describes that "[w]hen the subscriber has completed placing the order, a payment icon is displayed that requires the subscriber to authorize billing to his account." (Schulhof, col. 7, lines 61-63; emphasis added.) Schulhof further describes that "[o]nce the order process is completed, high speed data transfer may begin, or data transfer may be delayed until a time when the cable television line is not being used." (Schulhof, col. 8, lines 5-8; emphasis added.) Thus, Schulhof clearly and explicitly teaches a sequential process of the subscriber placing an order, authorizing billing to his account, and transmitting the ordered data once the authorization to bill is completed.

In Decision III, the Board found that Schulhof does not describe a sequence of selecting an audio program, authorizing billing, and then transmitting the audio program to the subscriber. (Decision III, page 9.) In support of this, the Board states that the above-cited passages of Schulhof “do[] not state that the sequence of selecting the desired audio program, authorizing billing, and transfer must be followed in that order” because “[o]ne of ordinary skill in the art would not be led to read into Schulhof a sequence of steps.” This finding is in error because the Board’s reading of Schulhof fails to take into account the explicit words of Schulhof which clearly indicate an order of steps. Schulhof states “[w]hen the subscriber *has completed* placing the order, a payment icon is displayed” and “[o]nce the order process *is completed*, high speed data transfer may begin.” (Schulhof, col. 7 lines 61-63, col. 8, lines 5-8; emphases added.) The words phrases “when X has completed, Y occurs” and “once X is completed, Y begins” explicitly require an order of events. That the Board ignores these words in Schulhof is clear error.

In contrast to the teachings of Schulhof, claim 40, as presently amended, recites:

- receiving a consumer request for a music selection;
- responsive to said consumer request, transmitting the music selection to an intermediate storage medium at a consumer site;
- receiving an indication that at least a portion of the music selection has been recorded from the intermediate storage medium to a permanent storage medium located at the consumer site; and
- responsive to said indication, automatically charging the consumer for the music selection

Because the recited “automatically charging” is “*responsive to* receiving the indication” and the indication is “that at least a portion of the music selection *has been* recorded on the permanent storage medium” (emphases added), claim 40 clearly requires that at least a portion of the music has been recorded on the permanent storage medium prior to automatically charging the customer for the music selection. Schulhof fails to teach “an intermediate storage medium at a consumer site” and “a permanent storage medium located at the consumer site,” as recited by claim 40. Because Schulhof fails to teach or suggest the intermediate and permanent storage media, Schulhof also fails to teach “that at least a portion of [a] music selection has been recorded from [an] intermediate storage medium to a permanent storage medium” and “receiving an indication that at least a portion of [a] music

selection has been from [an] intermediate storage medium to a permanent storage medium,” as recited by claim 40. Further, because Schulhof fails to teach or suggest receiving the recited indication, Schulhof fails to teach or suggest “automatically charging the consumer for the music selection” where the automatically charging is “responsive to receiving the indication,” as recited by claim 40.

For the foregoing reasons, applicants respectfully submit that Schulhof fails to anticipate claim 40, as presently amended. Accordingly, applicants respectfully request withdrawal of the rejection of claim 40 under 35 USC § 102(b) as being anticipated by Schulhof.

Claims 52 and 64

Claims 52 and 64 stand rejected under 35 USC § 102(b) as being anticipated by Schulhof. Claims 52 and 64, although different in scope from claim 40, are presently amended to recite subject matter similar to the subject matter of claim 40 discussed above. For at least the reasons discussed above regarding claim 40, applicants respectfully submit that claims 52 and 64 are not anticipated by Schulhof. Accordingly, applicants respectfully request withdrawal of the rejection of claims 52 and 64 under 35 USC § 102(b) as being anticipated by Schulhof.

Claims 41, 43-51, 53, 55-63, 65, 67, and 71

Claims 41, 48, 50, 53, 60, 62, 65, 67, and 71 stand rejected under 35 USC § 102(b) as being anticipated by Schulhof. Claims 49, 51, 61, and 63 stand rejected under 35 USC § 103(a) as being unpatentable over Schulhof. Claims 43-47 and 55-59 stand rejected under 35 USC § 103(a) as being unpatentable over Schulhof in view of McMillen. Claims 43-51, 53, 55-63, 65, 67, and 71 depend, directly or indirectly from claims 40, 52, and 64. Significantly, the rejections of claims 43-51, 53, 55-63, 65, 67, and 71 under 35 USC §§ 102(b) and 103(a) rely on Schulhof to anticipate claims 40, 52, and 64. However, for the reasons discussed above, Schulhof fails to anticipate claims 40, 52, and 64. Accordingly, applicants respectfully request withdrawal of the rejections of claims 43-51, 53, 55-63, 65, 67, and 71 under 35 USC §§ 102(b) and 103(a).

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Conclusion

Applicants believe that the present remarks are responsive to each of the points raised by the Board in its decisions, and request reconsideration and withdrawal of the rejections of claims 40-41, 43-53, 55-65, 67, and 71. Favorable consideration and passage to issue of the application at the examiner's earliest convenience is earnestly solicited.

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